

## SENATE BILL NO. 415

INTRODUCED BY J. COBB

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR DIRECT PAYMENT TO HEALTH CARE PROVIDERS BY HEALTH INSURERS, HEALTH SERVICE CORPORATIONS, AND HEALTH MAINTENANCE ORGANIZATIONS; AMENDING SECTIONS 33-22-212 AND 33-22-505, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 33-22-212, MCA, is amended to read:

**"33-22-212. Payment of claims.** (1) There ~~shall~~ must be a provision as follows:

"Payment of Claims: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting ~~such the~~ the payment ~~which that~~ that may be prescribed ~~herein in this~~ provision and effective at the time of payment. If ~~no such a~~ no such a designation or provision is ~~then not~~ not effective, ~~such the~~ the indemnity ~~shall must~~ must be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to ~~such the~~ the beneficiary or to ~~such the~~ the estate. All other indemnities will be payable to the insured."

(2) ~~The following provisions, or either of them, Either or both of the following provisions~~ Either or both of the following provisions may be included with the ~~foregoing~~ foregoing provision in subsection (1) at the option of the insurer:

"If any indemnity of this policy ~~shall be~~ is payable to the estate of the insured or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay ~~such the~~ the indemnity, up to an amount not exceeding \$.... (insert an amount ~~which shall that may~~ that may not exceed \$1,000), to any relative by blood or connection by marriage of the insured or beneficiary who is ~~deemed~~ considered by the insurer to be equitably entitled ~~thereto to the~~ to the indemnity. Any payment made by the insurer in good faith pursuant to this provision ~~shall fully discharge~~ discharges the insurer to the extent of ~~such the~~ the payment.

~~Subject to any written direction of the insured in the application or otherwise, all~~ All or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, ~~or~~ and surgical, dental, or other covered services ~~may, at the insurer's option and must unless the insured requests otherwise in~~

1 ~~writing not later than the time of filing proof of such loss,~~ be paid directly to the hospital or person  
2 rendering ~~such the~~ services; ~~but. However,~~ it is not required that the service be rendered by a particular  
3 hospital or person.""

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5 **Section 2.** Section 33-22-505, MCA, is amended to read:

6 **"33-22-505. Direct payment of hospital and medical services.** ~~Any A~~ group disability policy ~~may~~  
7 ~~on request by the group policyholder~~ must provide that all or any portion of any indemnities provided by  
8 ~~any such a~~ policy on account of hospital, nursing, medical, ~~or~~ surgical, dental, or other covered services  
9 ~~may, at the insurer's option,~~ must be paid directly to the hospital or person rendering ~~such the~~ services;  
10 ~~but. However,~~ the policy may not require that the service be rendered by a particular hospital or person.  
11 Payment ~~so~~ made ~~shall discharge~~ as provided discharges the insurer's obligation with respect to the  
12 amount of insurance ~~so~~ paid."

13

14 NEW SECTION. **Section 3. Direct payment of provider services.** Each evidence of coverage that  
15 is delivered, issued for delivery, renewed, extended, or modified in this state by a health maintenance  
16 organization, health insurer, or health service corporation must contain a provision that all or any portion  
17 of any indemnities provided on account of provider services must be paid directly to the provider rendering  
18 the services regardless of participation in a provider panel.

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20 NEW SECTION. **Section 4. Codification instruction.** [Section 3] is intended to be codified as an  
21 integral part of Title 33, chapter 31, part 3, and the provisions of Title 33, chapter 31, part 3, apply to  
22 [section 3].

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24 NEW SECTION. **Section 5. Applicability.** [This act] applies to all policies, agreements, contracts,  
25 or evidence of coverage issued or renewed on or after January 1, 2002.

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